

RECESSION TRIGGERS SHIFT IN UNEMPLOYMENT BENEFIT RECIPIENTS

Five years ago when then-Gov. Dirk Kempthorne cut \$55 million from the state budget to cope with the fallout from the national recession, the Idaho economy was beginning a 12-month run in which it lost nonfarm jobs for the first time since 1986, the final throes of that near-depression.

From November 2001 through October 2002, nonfarm payrolls dropped from over 568,000 to under 567,000. Over 45,000 workers were unemployed as 2002 began, and the unemployment rate hit 6.7 percent.

Today, nonfarm payrolls are nearly 654,000, a 15 percent increase that means 85,000 more jobs across the state. The number of people out of work is barely half what it was five years ago, and the unemployment rate at 3.3 percent is less than half.

As the economy was diversifying and responding to the pressure of population growth, the ranks of the unemployed plummeted across the state, and their faces were changing.

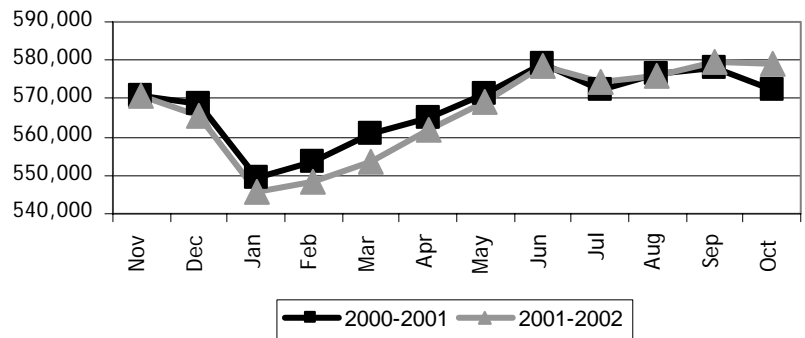
In the four years since the economy began rebounding in 2003, women are making up a greater proportion of unemployment benefit claimants during the summer and fall, and a larger share of the claimants now are over 44 years old. There is also a smaller percentage who lost jobs in retailing and manufacturing.

Since 2003, the number of benefit claimants has dropped by 45 percent to 55 percent during the spring, summer and fall and by around 30 percent during the winter months. The volatility among men remains. Four years ago and today, they account for around 70 percent of the claimants during the winter and early spring when weather and ground conditions limit logging, construction and other outdoor jobs.

But during the summer and fall, males make up less than half the claimants now. Four years ago, they accounted for 55 percent to 65 percent. Demand in seasonal work

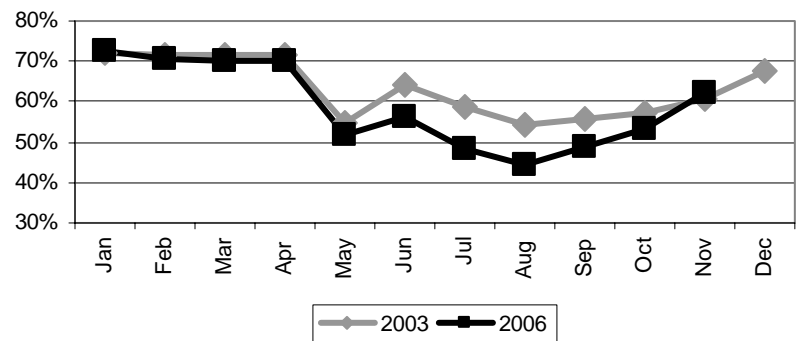
Monthly Nonfarm Jobs

2000-2001 and 2001-2002



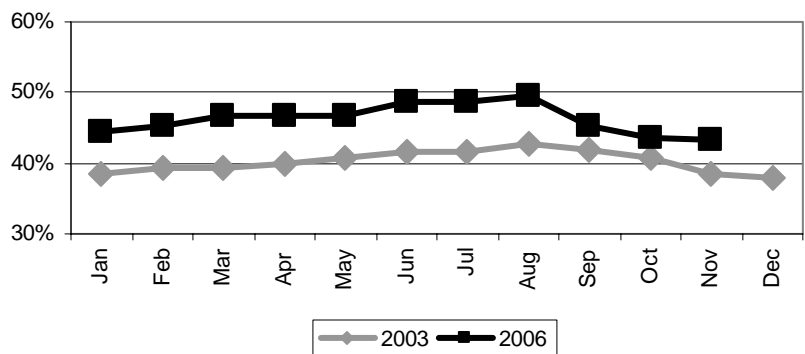
Percentage of Men as UI Claimants

2003 and 2006



Percentage of UI Claimants Over 44

2003 and 2006



like construction to accommodate economic and population growth is a likely reason.

The number of female benefit claimants, on the other hand, has been much more stable through the post-recession years. The monthly range in 2003 was 5,400 to 7,900. This year it has been 2,800 to 5,300.

By comparison, male claimants ranged from 6,700 to 19,300 in 2003 and from 2,700 to 13,800 this year.

The age of claimants has also crept up. Four years ago, people over 44 made up about 40 percent of those receiving benefits. This year the proportion has averaged about six percentage points higher each month, possibly the result of younger people foregoing post-secondary training because the job market is so strong.

The sectors producing the unemployed indicate to some extent how the Idaho economy has evolved since the national recession, and the statistics in recent months may be an early signal that the economy is shifting out of overdrive and back to a more sustainable pace of growth.

A wave of new manufacturers has been washing across Idaho along with a migration from other states at one of the highest rates in the nation.

Four years ago, one in every five unemployment benefit claimants was a worker from the manufacturing sector. There were over 3,500 a month on average in 2003 and more than 4,700 that March.

Today, unemployed manufacturing workers claim less than 14 percent on average of the monthly benefit checks, and their numbers have averaged under 1,400 so far in 2006. They dipped as low as 740 in September.

No other sector has recorded such a precipitous decline in benefit claimants as companies like the trailer makers in south central Idaho, paper bag maker Hilex Poly in Jerome, internationally known Buck Knives in Post Falls, Gossner Cheese in Heyburn and Marathon Cheese in Mountain Home – to name just a few – have located in Idaho. They joined the high-tech companies in providing better paying jobs and further diversifying and stabilizing the manufacturing sector beyond food processing and timber mills.

The state has picked up nearly 4,000 manufacturing jobs since 2003, a 6.2 percent increase while the nation as a whole saw manufacturing jobs decline over 1 percent.

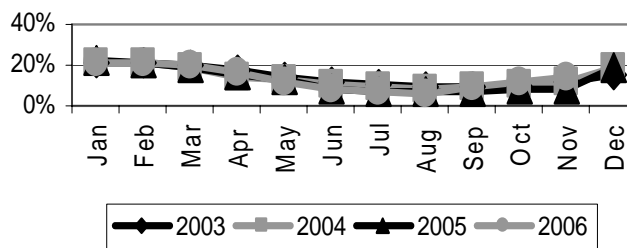
In that same period, Idaho's population grew more than 6 percent, the fourth fastest rate in the nation and twice as fast as the United States overall. Tens of

FYI Table 1: Percentage of UI Claimants in November by Industry Sector

Sector	2003	2004	2005	2006
Construction	11.70%	11.20%	8.80%	14.70%
Manufacturing	16.60%	13.60%	14.20%	13.10%
Retail Trade	9.40%	9.10%	8.50%	8.10%
Average for Other Sectors	2.90%	3.10%	3.20%	3.00%

Source: Idaho Commerce & Labor

Percentage of UI Claimants in Construction
2003-2006



FYI Table 2: Monthly Percentage of UI Claimants in Construction

	2003	2004	2005	2006
January	21.2	21	22.1	21.2
February	21.2	21.6	21.2	21.3
March	19.6	18.4	19	19.9
April	18	14.5	15.7	16.2
May	13.9	12.4	13.4	11.9
June	11.5	10.6	8.8	8
July	10.2	9.1	7.5	6.9
August	9	7.7	6.6	6.4
September	10	9.2	7.5	9.6
October	9.6	10.2	7.9	11.8
November	11.7	11.2	8.8	14.7
December	15.8	18.3	18.7	N/A

Source: Idaho Commerce & Labor

thousands of new residents intensified demand for goods and services, and retailers responded.

The onslaught of major chains like Wal-Mart, Home Depot, Lowe's and others has added over 8,000 new retail jobs across the state, an increase of more than 11 percent when nationally retail jobs are up just 2.1 percent.

Out of work retail employees made up over 9 percent of benefit claimants in 2003. They averaged over 1,700 a month. By comparison today, retail workers claim about 8 percent of the benefit checks and average barely 800 a month.

Unemployment in key service sectors had traditionally been low. While the number of benefit claim-

ants in those sectors declined as the economy strengthened, it remains just a fraction of claimants overall just as it was in 2003.

The economic expansion and population growth fueled a major construction boom, especially in the urban areas of Idaho. Over 17,000 new construction jobs have been generated since 2003, an increase of more than 44 percent compared to the national increase of less than 10 percent.

The construction sector followed the seasonal pattern through the post recession years, running around 20 percent of the claimants during winter and early spring to below 10 percent during late summer and fall. But on average unemployed construction workers accounted for about 14 percent of benefit claimants except in 2005, when the average slipped to just over 13 percent.

The year-to-year monthly comparison also shows that after steadily declining during the summer and fall months from 2003 through 2005, the percentage of

construction workers as benefit claimants was rising again this late summer and fall, likely a reflection of the cooling housing market.

In September, the rate was two points above 2005 and essentially the same as in 2003. In October, it was four points higher than a year ago and two points over 2003, and in November it was six points ahead of 2005 and three points higher than in 2003.

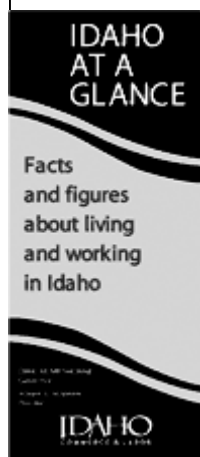
With the likely return to a more normal growth rate in the coming years, the construction sector, just like the retail sector, is likely to continue expanding as Idaho's population keeps growing faster than the national average, but the expansion rate should be much slower than over the past four years.

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ON THE WEB

IDAHO AT A GLANCE. . .

The page pictured at the right is an excerpt from the brochure, Idaho at a Glance, which is available on Idaho Commerce & Labor's labor market information Web site, <http://lmi.idaho.gov>.



It includes information useful to people who are moving to Idaho, such as information sources, employment, wages, climate, housing costs, education, recreation, quality of life and more.

To get a copy of the brochure, download it from the Web site or send an e-mail request to lmi@cl.idaho.gov.

IDAHO AT A GLANCE

We are pleased to have the opportunity to answer your questions about what it is like to live and work in this beautiful part of America. We hope you find the following information useful.

EMPLOYMENT

Idaho has a strong and diversified economy. While the traditional resource-based industries of agriculture, forest products, and mining continue to contribute to the economy, high-tech, tourism, retail trade, healthcare, and business and information services are growth sectors. As in any economy, employment growth in Idaho is not uniform. In the past few years, some counties experienced strong growth, some remained unchanged, and some declined. After slow employment growth in 2002 and 2003, economic activity in 2004 added over 15,000 jobs statewide. In 2005 and 2006, the state's economy is expected to grow more slowly, adding jobs at a rate of about 1.7 percent per year; a rate that is expected to exceed the national average.

For employment opportunities in both the public and private sectors, contact Idaho Commerce & Labor at 317 W. Main Street, Boise, Idaho 83735 or any of the 24 local offices throughout the state. Addresses and phone numbers of these offices are in the directory on the Commerce & Labor home page cl.idaho.gov. Idaho's larger communities also are served by excellent private firms that match job seekers with employment opportunities in the private sector.

AVERAGE CIVILIAN LABOR FORCE

	2004
Civilian Labor Force	703,067
Unemployment	33,339
Percent Unemployment	4.7%
Total Employment	669,728

NONFARM PAYROLL JOBS

	2004
Total	587,081
Construction	39,670
Manufacturing	61,444
Retail & Wholesale Trade	98,834
Transportation & Warehousing	17,058
Financial Activities	27,867
Professional & Business Service	73,228
Educational & Health Services	65,115
Leisure & Hospitality Services	55,566
Government	114,299

AVERAGE HOURLY EARNINGS BY INDUSTRY - 2004

Construction	\$14.95
Manufacturing	19.95
Retail Trade	10.72
Wholesale Trade	17.76
Transportation & Warehousing	13.00
Financial Activities	17.56
Professional & Business Services	15.64
Educational & Health Services	13.65
Leisure & Hospitality Services	5.48
Information	17.51

MEDIAN HOURLY WAGE BY OCCUPATION - 2005

Financial managers	\$26.23
General & operations managers	24.58
Computer programmers	25.07
Computer systems analysts	29.53
Electronics engineers	35.90
Accountants & auditors	20.50
Retail salespersons	8.96
Office clerks, general	10.74
Cashiers	7.84
Exec. secretaries & admin. assistants	13.76
Receptionists & information clerks	10.02
Electrical & electronic equip. assemblers	11.58
Assemblers & fabricators	8.56
Electricians	21.30
Helpers, construction trades	10.43
Carpenters	14.05
Welders, cutters, solderers, & brazers	13.88
Truck drivers, heavy & tractor-trailer	14.52
Logging equipment operators	18.19
Crushing, grinding, & polishing machine setters, operators, & tenders	13.09
Janitors & cleaners	8.73
Registered nurses	22.66
Child, family, & school social workers	13.80
Medical & clinical lab technicians	13.90
Nursing aides, orderlies, & attendants	8.83
Cooks, restaurant	8.36